

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-11 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 OES-07
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 PA-01 /120 W
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FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 2507

INFO AMEMBASSY SINGAPORE

C O N F I D E N T I A L KUALA LUMPUR 1475

E.O. 11652: GDS

TAGS: ENRG, EALR

SUBJ: MALAYSIAN ENERGY ROUNDUP

REF : KUALA LUMPUR 0666

1. EMBASSY HAS BEEN INFORMED THAT SIGNING OF THE JOINT VENTURE AGREEMENT BETWEEN PETRONAS AND SHELL-MITSUBISHI COVERING THE BINTULU LNG PLANT MENTIONED IN REFTEL WAS FURTHER DELAYED BECAUSE OF LAST MINUTE "TECHNICAL" DIFFICULTIES RAISED BY SHELL. PETRONAS IS NOW PUSHING TO TIE UP THE AGREEMENT AS SOON AS POSSIBLE BUT NO ONE IS PREDICTING A SIGNING DATE AT PRESENT.

2. IN ANOTHER DEVELOPMENT ESSO PRODUCTION MALAYSIA (FORMERLY EXXON) HAS ANNOUNCED THE DISCOVERY OF ANOTHER OIL AND GAS FIELD OFF OF THE COAST OF PENINSULAR MALAYSIA. AS ESSO SOURCE COMMENTED THAT WHILE MORE EXPLORATION WORK ON THE FIELD, NAMED IRONG I, WILL HAVE TO BE DONE IT DOES APPEAR TO BE A COMMERCIAL FIND. SOURCE FURTHER COMMENTED THAT ESSO WILL SOON BE ANNOUNCING THE DISCOVERY OF ANOTHER FIELD IN THE SAME AREA. ACCORDING TO SOURCE, EQST COAST OF PENINSULAR MALAYSIA IS LIVING UP TO THE GEOLOGISTS EXPECTATIONS.

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3. THE MARKETING MANAGER OF PETRONAS HAS INFORMED AN EMBOFF THAT HE WILL HAVE TO LOCATE MARKETS FOR AN ADDITIONAL 200,000 B/P/D BY 1980 AS PENINSULAR MALAYSIAN PRODUCTION INCREASES. THIS WOULD BRING COUNTRYWIDE PRODUCTION TO 400,000 B/P/D BY THAT DATE. THIS IS A HIGHER LEVEL OF PRODUCTION THAN LOCAL SOURCES EARLIER THOUGHT PETRONAS WOULD ALLOW.

4. COMMENT: WHILE GOM IS CLEARLY UPSET WITH THE FACT THAT THE BINTULU LNG PROJECT WILL BE FURTHER DELAYED IT IS MOVING FORWARD WITH PLANS TO EXPLOIT ITS OTHER ENERGY RESOURCES. ONE POSSIBLE REASON FOR THE GOM'S APPARENT CHANGE OF HEART IN ITS RATE OF EXPLOITATION OF ENERGY RESOURCES IS ITS DESIRE TO INCREASE PRIVATE SECTOR INVESTMENT TO MEET THIRD MALAYSIA PLAN GOALS. IF THE GOM DOES IN FACT LET THE OIL COMPANIES MOVE UP THEIR PRODUCTION SCHEDULES, PRIVATE SECTOR INVESTMENT LEVELS WILL SIGNIFICANTLY INCREASE RAPIDLY.
MILLER

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NNN

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